



**Colorado
Legislative
Council
Staff**

Initiative # 82

**INITIAL FISCAL
IMPACT STATEMENT**

Date: December 19, 2017

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LCS TITLE: ISSUANCE OF IDENTIFICATION DOCUMENTS BY THE DEPARTMENT OF REVENUE

Fiscal Impact Summary	FY 2018-2019	FY 2019-2020
State Revenue	<u>\$1,555,588</u>	<u>\$3,111,177</u>
Cash Funds	\$1,555,588	\$3,111,177
State Expenditures	<u>\$248,329</u>	<u>\$1,369,954</u>
Cash Funds	\$248,329	\$1,070,587
Centrally Appropriated Costs	\$0	\$299,367

Note: This *initial* fiscal impact estimate has been prepared for the Title Board. If the initiative is placed on the ballot, Legislative Council Staff may revise this estimate for the Blue Book Voter Guide if new information becomes available.

Summary of Measure

In 2013, the General Assembly passed Senate Bill 13-251, which allowed state residents who were not lawfully present in the United States to apply for state identification documents – driver licenses, instruction permits, and identification cards (SB 13-251 documents). Currently, SB 13-251 documents are only issued at three Division of Motor Vehicle (DMV) offices and renewed at one additional office until 66,000 documents are issued, at which point issuance is reduced to one DMV office.

Initiative #82 requires the DMV to issue SB 13-251 documents in all DMV offices with no restriction on the amount of documents issued. As with standard state identification documents, the initiative allows individuals with SB 13-251 documents to renew them through the mail or electronically and to apply for a one-year extension. The initiative also allows applicants to use their social security number instead of an individual taxpayer identification number when applying for a SB 13-251 document. Finally, the initiative appropriates \$17,261,744 to the Department of Revenue (DOR) for implementation.

Background

SB 13-251 documents expire after three years and require an in-person appointment to renew. Since implementation on August 1, 2014, the DMV has issued over 50,000 SB 13-251 documents. The DMV currently expects to reach the 66,000 documents issued mark in January 2019, at which point the division will begin issuing SB 13-251 documents and renewals at only one metro Denver-area DMV.

State Revenue

The initiative will increase state cash fund revenue by \$1.6 million in FY 2018-19 and \$3.1 million in FY 2019-20 to the Licensing Services Cash Fund in DOR.

Data and assumptions. The fiscal note uses the following data and assumptions:

- According to the DOR's FY 2015-16 annual report, there were approximately 1.2 million state identification documents issued across Colorado's population in that year. The fiscal note assumes that undocumented immigrants will be issued documents proportional to their population size.
- The population of undocumented individuals in Colorado has remained around 200,000 over the past five years according to the Pew Research Center. This represents 3.8 percent of Colorado's population.
- Based on the total annual issuance of DMV documents and the proportion of undocumented immigrants in the state, it is estimated that 46,000 SB 13-251 documents will be issued per year. The entire undocumented population is included because children under driving age may be issued identification cards.
- Based on SB 13-251 issuance data, it is assumed that, of the estimated 46,000 documents issued, 64 percent will be driver licenses, 33 percent will be instructional permits, and 3 percent will be identification cards.

The fiscal note also assumes that revenue collections for the DOR will be expedited as a result of allowing renewals to occur online or by mail. While this represents an initial revenue increase, the net revenue collected will be the same over time. Fees collected from replacement documents and expiration extensions are expected to be minimal.

SB 13-251 document issuance. Based on the assumptions above, state cash fund revenue will increase by approximately \$3.1 million per year. For FY 2018-19, revenue has been prorated by half to account for implementation on January 1, 2018. The fiscal note has not estimated the future revenue impacts of this initiative; however, revenue increases from SB 13-251 documents are expected to continue as a result of the document renewal cycle. Table 1 shows expected fee revenue from SB 13-251 documents issued as a result of the measure.

Table 1. Revenue Under Initiative #82			
SB 13-251 Document Type	Fee	Documents Issued	Total
Driver Licenses	\$79.58	29,440	\$2,342,835
Instruction Permits	\$48.19	15,180	\$731,524
Identification Cards	\$26.68	1,380	\$36,818
TOTALS		46,000	\$3,111,177

State Expenditures

Although the initiative includes an appropriation of \$17,261,744, the fiscal note estimates that the initiative will increase state cash fund expenditures by \$248,329 in FY 2018-19 and \$1.4 million and 18.0 FTE in FY 2019-20 from the Licensing Services Cash Fund in DOR. Expenditures are outlined in Table 2 and discussed below.

Table 2. Expenditures Under Initiative #82		
Cost Components	FY 2018-19	FY 2019-20
Personal Services	\$0	\$682,189
FTE	0 FTE	18.0 FTE
Operating Expenses and Capital Outlay Costs	\$0	\$101,754
Equipment	\$0	\$94,824
Training and Mileage	\$152,419	\$0
Document Production	\$95,910	\$191,820
Centrally Appropriated Costs*	\$0	\$299,367
TOTAL	\$248,329	\$1,369,954

* Centrally appropriated costs are not included in the bill's appropriation.

Personal services. Effective July 1, 2019, the DMV will employ an additional 18.0 FTE Driver License Examiner II to validate identification documentation, verify required documents, and administer driving tests for the expected increase in demand for SB 13-251 documents. Standard operating expenses and capital outlay costs are included for all FTE. The fiscal note has not estimated the future workload impacts of this initiative; however, it is expected that workload may decrease once the initial cohort of unrestricted SB 13-251 applicants are processed, depending on the documentation requirements for renewals.

Equipment. The cost of DMV-specific equipment needed to support the increased FTE include 12 intake stations for \$3,238 each, six camera stations for \$8,524 each, and six signature pads for \$804 each. This cost will be incurred in FY 2019-20.

Employee training and mileage reimbursement. The department will have a total cost of \$152,419 in FY 2018-19 only to provide coverage for DMV employee training and associated mileage.

Employee training. Since all DMV offices are required to issue identification documents to individuals not legally present, employees will need specialized training on validating supporting documentation and issuing SB 13-251 documents. It is estimated that 60 out of the 330 employees already have received the training, therefore 270 employees remain who will need training. The training consists of two 8 hour sessions with 4 additional hours allocated to employees to drive to and from the regional facility for a total of 20 hours. This fiscal note estimates 20 hours of overtime to cover each employee at a rate of \$27.87 per hour for 270 employees, for a total of \$150,498 in training costs.

Mileage reimbursement. This fiscal notes estimates two round trips to drive to the training facility at an average of 7.41 miles at a reimbursement rate of \$0.48 per mile per employee for a total cost of \$1,921 for FY 2018-19.

Document production. The cost to produce SB 13-251 documents is \$4.71 per document and the total production cost is based on the assumed rate of issuance. For FY 2018-19, document production cost has been prorated to account for mid-year implementation.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this initiative are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this initiative. Leased space is included to show the incremental impact of the additional FTE, and calculated at the DOR's rate of 200 square feet per FTE at \$27 per square foot. The centrally appropriated costs subject to this policy are estimated in the fiscal note for informational purposes and summarized in Table 3.

Table 3. Centrally Appropriated Costs Under Initiative #82		
Cost Components	FY 2018-19	FY 2019-2020
Employee Insurance (Health, Life, Dental, and Short-term disability)	\$0	\$141,039
Supplemental Employee Retirement Payments	\$0	\$61,128
Leased Space	\$0	\$97,200
TOTAL	\$0	\$299,367

** Centrally appropriated costs are not included in the bill's appropriation.*

Effective Date

If approved by voters, the ballot initiative will take effect upon proclamation of the Governor within 30 days of the official canvas of votes at the 2018 general election.

State Appropriation

Although the fiscal note has identified an appropriation of \$248,329 for FY 2018-19, the initiative appropriates \$17,261,744 from the Licensing Services Cash Fund to the DOR.

State and Local Government Contacts

Information Technology

Law

Revenue

Abstract of Initiative 82: Issuance of Identification Documents by the Department of Revenue. This initial fiscal estimate, prepared by the nonpartisan Director of Research of the Legislative Council as of December 2017, identifies the following impacts:

The abstract includes estimates of the fiscal impact of the initiative. If this initiative is to be placed on the ballot, Legislative Council Staff will prepare new estimates as part of a fiscal impact statement, which includes an abstract of that information. All fiscal impact statements are available at www.ColoradoBlueBook.com and the abstract will be included in the ballot information booklet that is prepared for the initiative.

Initiative #82 is expected to increase revenue to the Licensing Services Cash Fund in the Department of Revenue by \$1.6 million in FY 2018-19 and \$3.1 million in FY 2019-20, while also increasing expenditures from this fund by \$248,329 in FY 2018-19 and \$1.4 million in FY 2019-20. To implement the initiative, the Department of Revenue will use some of the \$1.4 million to hire 18 full-time employees beginning in FY 2019-20. Due to an appropriation clause in the initiative, Initiative #82 requires an appropriation of \$17.3 million in FY 2018-19 if passed.